

No. 401 (Misc.)

IN THE

Supreme Court of the United States
OCTOBER TERM 1947

EMILE C. de STUBNER, *Petitioner*,

vs.

UNITED CARBON COMPANY and
UNITED CARBON COMPANY, INC.
(MARYLAND).

**BRIEF IN OPPOSITION TO PETITION
FOR CERTIORARI**

May it Please the Court:

The petition wholly fails to disclose any reason for certiorari (pursuant to Rule 38, section 5-b).

The case below turned solely on questions of fact. The petition and brief are directed entirely to a discussion of the facts upon which the lower courts acted. The opinions of those courts are reported as follows:

de Stubner v. United Carbon Co., 163 F. (2d) 735;

de Stubner v. United Carbon Co., 67 F. Supp. 884.

THE ACTION

Primarily petitioner's action was for the recovery of royalties or compensation for the alleged use of petitioner's patents and processes by defendants in the manufacture

of "dustless carbon black." Petitioner also claimed ownership of defendants' processes and patents in that field.

The district court found that petitioner's inventions, patents and processes had no relation to processes used by defendants in the manufacture of dustless carbon black; that defendants received no information from petitioner useful in such manufacture, and that petitioner had no valid claim to any patent, invention or process of defendants. The circuit court of appeals affirmed these findings.

THE FACTS

Petitioner claims to be an inventor in the field of pigment dispersions. Dispersions are combinations of pigment (e.g., carbon black) uniformly distributed throughout various media. (Appendix, C.C.A. Vol. I, p. 416.) Pigment in this form is suitable for coloring paper, concrete, etc., and for extension (by thinning) into commercial coatings.

Defendant United Carbon Company is engaged in the production of oil and natural gas. The other defendant, United Carbon Company, Inc. (Maryland), organized in 1935, is a wholly owned subsidiary, engaged solely in the manufacture and sale of carbon black.

Carbon black has been commercially marketed for many years, being used in paints, varnishes, inks, and other products. Since World War I it has been used extensively as a reinforcing agent in the manufacture of rubber tires. Soon after 1930 the producers began the production and marketing of carbon black in a "dustless" form to facilitate its use in the rubber industry. "Dustless" carbon black is substantially pure carbon black in the form of small pellets or granules which are free from any binder or other foreign substance. Consisting of *aggregations* of *pure* carbon black particles, it is the "exact opposite" of a dispersion. (67 F. Supp. 884, 891.)[†] United Carbon Company

[†]As to the nature and history of dustless carbon black and various patents relating thereto see: *United Carbon Co. v. Binney & Smith Co.*, 317 U. S. 228, 87 L. Ed. 232.

had applied for a patent on a dustless process (Grote) as early as August, 1933, and also negotiated for licenses under other processes, which it obtained shortly thereafter.

In November, 1933, the petitioner approached United Carbon Company in an endeavor to interest it in processes he claimed to have perfected for making carbon black dispersions for use as a coloring agent in the pigment industry. The essential point of his representations at all times was that manufacturers of coatings, colored paper, etc., would welcome the advent of pigment in a "dispersed" form, whereby they would be able to substitute mere mixing for the milling and grinding processes commonly used in pigmenting their products. (Appendix, C.C.A., Vol. I, p. 408.)

After some negotiations, petitioner granted to United an option to acquire exclusive license rights in his patents and inventions "relating to apparatus, methods, processes and products pertinent or valuable to the art of pigment dispersions." (Ex. A with Complaint, Apx. 13, 16.)

Under the terms of the option, petitioner was provided with a special laboratory in Charleston in which to demonstrate the commercial possibilities of his processes. He worked at the project for more than two years, at the expense of defendants and for compensation paid by them. In this time he had produced various "dispersions" of carbon black, some in the form of pastes, some in liquid form and some in cakes or broken fragments, but all designed for coloring inks, paper, concrete or coatings of various kinds. Never did plaintiff suggest that these dispersion processes were in any way related to the manufacture of "dustless" carbon black, for the development of which defendants maintained laboratories and production facilities with which petitioner had no connection whatever.

Pursuant to the option, a license was taken from petitioner under date of July 31, 1936, in the name of Microid Process, Inc., a newly created corporation jointly owned

by petitioner and United Carbon Company, Inc., with a sub-license to United Carbon Company, Inc., to be used in the field of carbon black dispersions only. Thereafter the parties endeavored to exploit the licensed processes, but with only moderate success. Petitioner became dissatisfied with developments, complained of Microid's "do nothing" policy, and under date of March 1, 1939, gave notice of cancellation of the licenses. Litigation ensued for some three years in the state courts, petitioner claiming that the licenses should be cancelled because of defendant's failure to exploit them. The highest court of the state rejected this claim, but as of July 31, 1942, cancelled the license to Microid on the ground of insolvency. The sub-license to United Carbon Company, Inc., remained in effect, petitioner being substituted as licensor in lieu of Microid. (*de Stubner v. Microid Process, Inc.*, 124 W. Va. 591, 21 S. E. [2] 154.) On July 31, 1944, United Carbon Company, Inc. voluntarily surrendered its sub-license and discontinued the manufacture of dispersions. Since that date there has been no contractual relationship between petitioner and defendants.

During the term of the sub-license United, Inc. had manufactured certain carbon "dispersions" for which it admitted liability to pay royalty, subject to certain advancements made by it and for which it was entitled to credit under the license. The amount of this liability has not yet been determined, and the matter is still pending in the district court.

Late in the year 1942 petitioner for the first time communicated to defendants the idea that his processes were capable of use in the production of dustless carbon black, that the defendants were in fact so using the same, and that his license had been intended to cover this use. Following abortive attempts to sue defendants in the United States courts in Michigan, the present suit was instituted on April 28, 1945. Defendants, of course, had produced and marketed dustless carbon black in large quantities for more than ten

years at that time, under various processes and licenses from patent holders. They denied using any process of the petitioner, and denied that his license covered any process for the making of dustless carbon black.

In the trial of the case, which lasted three full weeks, petitioner was faced with the fact that the option, licenses and other written records of the transaction referred exclusively to the production of "dispersions" as a well-known and well defined commercial product, as distinguished from dustless carbon black (pure carbon black pellets) used in the rubber industry; also with the fact that an immense volume of correspondence, reports, laboratory and office records, and writings of every kind disclosed that the licenses applied solely to dispersion processes and not to the production of dustless carbon black. To avoid the effect of these records, he testified that the contracts and other writings were deliberately falsified by agreement between himself and the president of the company, in order to conceal the fact that he was actually working upon secret processes for the production of dustless carbon black. He was unable to explain why the records continued in the same vein for seven years after the lifting of the "veil of secrecy." (67 F. Supp. at p. 890.) He also undertook to demonstrate that certain of his alleged discoveries and inventions were disclosed to, and utilized by the defendants, in their manufacture of dustless carbon black, but in this effort he was overwhelmed by both historical and scientific evidence.

Petitioner's "Pioneer" Inventions

Petitioner now denominates certain of his inventions "pioneer" patents. The expression has no place in this litigation.

The nearest approach by petitioner to a consistent position at the trial was his contention that he was merely the

first to "explain" the law of physics by which carbon black mixed with water can be made to form pellets. Admittedly, Glaxner, Weigand & Venuto and other patentees had fully covered the process in prior patents. (Apx. C.C.A. brief, p. 254-255; 163 F. (2d) at p. 743.)

The contention was entirely imaginary and unfounded, but intrinsically it affords no basis for use of the expression "pioneer" in the petition.

At the same point in his testimony petitioner claimed that the only "new thing" he contributed was the "extrusion" process, a process developed by defendants by which moist carbon black is forced through small apertures in a metal plate, thus being made to form cylindrical or columnar pellets.

The District Court branded petitioner's testimony on this point "a deliberate fraud on the court." (67 F. Supp. at 890.)

"Finger-print" Patents

By hundreds of pages of testimony and exhibits petitioner endeavored to make it appear that his former counsel Arthur M. Smith, then with Dike, Calver & Gray, patent attorneys of Boston and Detroit, had communicated his processes to defendants, and that these processes in turn became the subject of certain of defendants' patents which petitioner has chosen to denominate "finger-print" patents.

Specific findings and conclusions of both the district court and the circuit court of appeals reject the contention that any such communication by petitioner related to dustless carbon black and wholly exonerated Smith from the charge that he had betrayed petitioner's interests.

Dozens of pages of inconsistent and contradictory testimony impelled the district court to the conclusion that it was "unable to believe any of plaintiff's testimony as to any of the material phases of his claim."

The decree of the district court dismissed the complaint in so far as it claimed royalty or compensation for dustless carbon black made by defendants, but decreed an accounting of royalties upon "dispersions" manufactured by defendants under the licenses. The circuit court of appeals affirmed the decree, the opinion being delivered by Judge Soper, as cited above.

The case involves only questions of fact, which were rightly decided by both lower courts. The petitioner's position on these issues is negatived by all the documentary evidence, and is attempted to be maintained solely by his unsupported oral testimony. His veracity is severely impeached. Hence we refrain from further argument of the questions involved. We find nothing in the petition justifying certiorari.

Respectfully submitted,

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March 20, 1948.